

By Sushmi Dey, TNN | Nov 06, 2016

Govt plans to stop financial support to tobacco firms

NEW DELHI: After imposing stringent anti-tobacco measures in the form of higher taxes and pictorial warnings, the government now plans to shut out financial support to tobacco giants.

The Health Ministry has written to the Finance Ministry, asking it to ensure that government firms do not invest in tobacco majors. It has suggested that the government should instead offload its existing investment in such companies as it is in violation of an international treaty.

India has so far been violating the World Health Organisation's international treaty Framework Convention on Tobacco Control (FCTC) by allowing government entities to invest in tobacco firms. There are 180 countries, including India, which have signed the FCTC protocol. FCTC was developed by countries in response to the globalisation of the tobacco epidemic. It aims to tackle some of the causes of that epidemic, including complex factors with crossborder effects, such as trade liberalisation and direct foreign investment, tobacco advertising, promotion and sponsorship beyond national borders, and illicit trade in tobacco products, according to the WHO's website.

Top state-run firms, including LIC, hold shares in clouding LIC, hold shares in the Indian Tobacco Company (ITC). Apart from LIC, other government entities such as Specified Undertaking of Unit Trust (SUUTI), New Indian Assurance Company, General Insurance Corporation of India, Oriental Insurance Company and National Insurance Company are among the investors in ITC. While LIC holds around 14.3% of shares in ITCBSE 0.34 %, total shareholding by government companies is more than 30%.

"We have written to the Finance ministry saying the present scheme of things is in contravention with India's obligations under the WHO's FCTC. To become WHO FCTC compliant, steps will have to be taken. We have suggested that the government avoid investing in such firms," Health secretary CK Mishra told TOI.

He said deliberations have already begun and two meetings with the Finance ministry have taken place. "Things are moving in the positive direction," Mishra said.

The move assumes significance as India has so far been firm on its anti-tobacco stand and has implemented a higher tax regime as well as larger 85% pictorial warnings on packs of all tobacco products. While the government has taken these decisions and stood by them despite strong resistance from the influential tobacco industry, India has often been criticised by the global public health community for its financial linkages with tobacco firms.